
Finance Committee

HB 2929

Brief Description: Suspending business and occupation taxation on certain businesses impacted by the ban on American beef products.

Sponsors: Representatives Schoesler, Grant, Chandler, Linville, Delvin, Cairnes, Sump, Mastin, Newhouse, Morris, Holmquist, Ericksen, McDonald, Clements, Conway, Condotta, Hinkle, Skinner, Armstrong, Kristiansen, Hatfield, Kirby, Sullivan, Pearson, Shabro and Hankins.

Brief Summary of Bill

- Suspends the business and occupation tax on slaughtering, breaking, processing, and wholesaling of perishable meat products until Japan, Mexico, and the Republic of Korea lift import bans on beef and beef products.

Hearing Date: 2/10/04

Staff: Rick Peterson (786-7150).

Background:

Washington's major business tax is the business and occupation (B&O) tax. The B&O tax is imposed on the gross receipts of business activities conducted within the State, without any deduction for the costs of doing business. The tax is imposed on the gross receipts from all business activities conducted within the State. Although there are several different rates, the most common rates are 0.471 percent for retailing, 0.484 percent for wholesaling, and 1.5 percent for service activity. Businesses that are involved in more than one kind of business activity are required to segregate their income and report under the appropriate tax classification based on the nature of the specific activity.

The slaughtering, breaking, processing, and wholesaling of perishable meat products is taxable at a rate of 0.138 percent when the product is sold at wholesale only and not at retail.

On December 23, 2003 a Washington cow that had been imported from Canada tested positive for Bovine Spongiform Encephalopathy (BSE). On December 24, 2003 Japan, Mexico, the Republic of Korea, and many other nations banned imports of U.S. beef. For the first eleven months of 2003 Japan, Mexico, and the Republic of Korea imported nearly 2 billion pounds of beef from the U.S. These three countries represent over 80 percent of U.S. beef exports.

Summary of Bill:

Until Japan, Mexico, and the Republic of Korea lift import bans on beef and beef products the B&O tax on slaughtering, breaking, processing, and wholesaling of perishable meat products is suspended.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect on July 1, 2004.